

## Message Text

LIMITED OFFICIAL USE

PAGE 01 PARIS 08218 211545Z

ACTION IO-13

INFO OCT-01 CIAE-00 CU-02 INR-07 NSAE-00 USIE-00 AF-08

ARA-06 EA-07 EUR-12 NEA-10 ISO-00 ABF-01 OMB-01

TRSE-00 IOE-00 INRE-00 SSO-00 /068 W

-----211548Z 025190 /53

O R 211520Z MAR 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 837

INFO USMISSION USUN

LIMITED OFFICIAL USE PARIS 8218

NESCO

E.O. 11652: N/A

REF: (A) PARIS 1635, (B) PARIS 7951

1. ACCORDING TO INFORMATION JUST OBTAINED BY PERMDEL PROBINGS, UNESCO'S NEARLY DEPLETED CASH FLOW IS SEVERELY HAMPERING SECRETARIAT IN MANAGEMENT OF ITS REGULAR PROGRAM. RECENT ONE-YEAR FUNDING MARK CAST GLOOM OVER SECRETARIAT AND IS FURTHER WEAKENING US INFLUENCE AND CREDIBILITY.

2. OPERATING HAND TO MOUTH, ONLY ABOUT 3 MILLION DOLLARS REMAIN FROM INITIAL 22.3 MILLION DOLLARS INTEREST FREE LOANS FLOATED BY ARAB STATES TO KEEP UNESCO GOING (REFTEL A). ONLY OTHER REVENUES ARE FROM EXTRA BUDGETARY SOURCES SUCH AS FROM "SPECIAL ACCOUNT" COMPRISED MOSTLY OF SALES OF COUPONS TO MEMBER STATES. THESE SALES FLUCTUATE WIDELY MONTH TO MONTH, HOWEVER, AND ARE THUS UNPREDICTABLE FOR ESTIMATING AVAILABILITY OF CASH. COUPON REVENUES ARE BEING USED IMMEDIATELY ALONG WITH SMALL AMOUNTS

LIMITED OFFICIAL USE

PAGE 02 PARIS 08218 211545Z

GENERATED FROM THE SALE OF UNESCO PUBLICATIONS. WHEREVER LEGAL, MAXIMUM USAGE ON PROVISIONAL BASIS IS SQUEEZED FROM "FUNDS IN TRUST" WHICH ARE NOT ASSIGNED TO SPECIFIC BANK ACCOUNTS. 10 MILLION DOLLARS PAID INTO WORKING CAPITAL FUNDS ACCOUNT (OF 16.8 MILLION DOLLARS DUE FOR 1977) HAVE ALREADY BEEN USED UP.

3. DIRECTOR GENERAL M'BOW IS FULLY APPRISED BY OWN SOURCES OF CURRENT STATE OF PLAY IN WASHINGTON, AND HAS EMPHASIZED AGAIN JUST RECENTLY THAT UNESCO WILL NOT BE HELD HOSTAGE OR BROKEN US ECONOMIC SANCTIONS. HE HAS JUST NEGOTIATED - 1.2 MILLION DOLLAR LOAN WITH ALGERIA (REFTEL B), AND WILL PAY A VISIT TO THE MIDDLE EAST SOMETIME THIS WEEK. YEMEN AND KUWAIT WERE MENTIONED SPECIFICALLY. HE WILL CERTAINLY BE SEEKING A MORATORIUM ON ARAB LOANS TOTALING 17.85 MILLION DOLLARS COMING DUE AT YEAR'S END, AS WELL AS NEGOTIATING ADDITIONAL FUNDS WHICH HE BELIEVES NOW HE WILL PROBABLY NEED. PRESENTLY, THE DG IS ALSO ENGAGED IN RENEGOTIATING LIBYA'S 4.4 MILLION DOLLAR NOTE WHICH IS DUE MARCH 31.

4. SECRETARIAT IS ALSO URGING MEMBER STATES TO PAY FULL 1977 CONTRIBUTIONS AS EARLY AS POSSIBLE. DG REPORTEDLY IS NEGOTIATING WITH USSR, WHICH CURRENTLY IS PAYING ARGEST SHARE OF UNESCO BUDGET, AND IT SHOULD BE CAREFULLY NOTED THAT BOTH BULGARIA AND MONGOLIA HAVE FULLY PAID FOR 1977, A PRITENT, PERHAPS, OF EASTERN BLOC RESPONSE TO 'BOW'S PLEAS FOR HELP. OTHERS HAVE ALSO PAID IN ADVANCE ON 1977 TO HELP EASE FINANCIAL STRAIN ON ORGNAIZATION INCLUDING NETHERLANDS, INDIA, FRG (FIRST QUARTER), FRANCE (THE BULK OF ITS 1977 ASSESSMENT). DENMARK, ICELAND, AND SWEDEN.

5. PERMDEL HAS ALSO LEARNED THAT DG HAS DECIDED TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03     PARIS 08218 211545Z

HOLD OFF ON PERSONNEL CHANGES AND PROMOTIONS, USUALLY TAKING EFFECT ON JUNE 1, UNTIL UNESCO'S FINANCIAL SITUATION IS CLARIFIED.

6. IT IS DELEGATION'S CONSIDERED JUDGMENT THAT IF LOWER OF CONGRESSIONAL MARKS STANDS, US WILL LOOSE ITS INFLUENCE OVER PERSONNEL APPOINTMENTS AND OTHER MANAGEMENT DECISIONS ON ALL LEVELS OF SECRETARIAT. THIS WILL HAVE LONG RANGE EFFECTS WHICH WILL EFFECT PROGAM CONTENT AND IMPLEMENTATION. IT IS LIKELY THAT ANY FAILURES AND PROBLEMS WITHIN THE ORGANIZATION, REGARDLESS OF 5HEIR ORIGIN, WOULD BE BLAMED ON THE US. EVEN OUR WESTERN FRIENDS HERE AT UNESCO SHAKE THEIR HEADS IN WONDERMENT AT WHAT THEY SEE AS A LESSENING OF US INFLUENCE JUST AT A TIME, FOLLOWING A RATHER SUCCESSFUL GENERAL CONGERENCE, WHEN THE US COULD BE GAINING GROUND. IN JEOPARDY ITS INFLUENCE AND LEADERSHIP.  
GAMMON

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BUDGETS, FINANCE, POLICIES, INTERNATIONAL ORGANIZATIONS, LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 21-Mar-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977PARIS08218  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** n/a  
**Expiration:**  
**Film Number:** D770096-0536  
**Format:** TEL  
**From:** PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770339/aaaabhon.tel  
**Line Count:** 116  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** f9a9d4b4-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION IO  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 PARIS 1635, 77 PARIS 7951  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 03-Feb-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3046234  
**Secure:** OPEN  
**Status:** <DBA CHANGED> mcm 20040923  
**Subject:** PERSONNEL APPOINTMENTS  
**TAGS:** EFIN, PORG, US, UNESCO  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/f9a9d4b4-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009